



**TESTIMONY OF DAY KIMBALL HEALTHCARE
SUBMITTED TO THE INSURANCE AND REAL ESTATE COMMITTEE
MONDAY, FEBRUARY 7, 2017**

PROPOSED SB 23, An Act Requiring Site-Neutral Payments for Health Care Services

Day Kimball Healthcare appreciates the opportunity to submit testimony concerning Proposed SB 23, An Act Requiring Site-Neutral Payments for Health Care Services. Day Kimball Healthcare opposes SB 23.

SB 23 would require payments for the provision of healthcare services by health insurers to healthcare providers to be site-neutral, treating the provision of healthcare services in the hospital setting as indistinguishable from that of non-hospital providers. This assumption is incorrect as it fails to recognize the critical broader role of hospitals in ensuring healthy communities, the commitment to serve all regardless of ability to pay and the considerably greater infrastructure required.

Our communities rely heavily on hospitals to provide 24/7 access to care for all types of patients, to serve as a safety net provider for vulnerable populations, and to have the resources needed to respond to disasters. These roles are not funded explicitly; instead, they are built into a hospital's overall cost structure and supported by revenues received from providing direct patient care. Hospitals are also subject to more comprehensive licensing, accreditation, and regulatory requirements than other care settings.

The Medicare program has set forth specific criteria to determine when the provision of a service is hospital-based and when it is simply a physician office service. When it meets the tests to be hospital-based, the service is entitled to a higher level of Medicare funding, which is accorded in recognition of the fact that the hospital is a more expensive place to deliver care and is held to higher regulatory standards.

SB 23 would increase the cost of healthcare by requiring health insurers to pay non-hospital-based providers the hospital rate but not require them to comply with all the hospital standards or care for all regardless of their ability to pay. Health insurers know and understand the differences between provider types and the appropriate level of funding is properly determined by contract.

Day Kimball Hospital is an independent, non-profit hospital that provides high quality, efficient and integrated care at a low cost to the communities of northeast Connecticut, where patients covered by Medicare and Medicaid make up about 64% of those we serve. We are deeply committed to continuing to provide the best possible care to our communities – care that is accessible, assured to meet high regulatory standards, in a setting that includes the staffing, technology and facilities necessary for the kinds of services that meet the test for being hospital-based.

SB 23 takes none of these critical points into account, nor their expense, and would instead result in decreased reimbursement at a time when Connecticut hospitals currently pay \$556 million in taxes, and are only appropriated approximately \$118 million – a budgeted deficit of \$438 million per year. For Day Kimball, this amounted to a nearly 50% increase in our hospital tax last year. Hospitals have already made difficult choices to account for the resources lost due to government underfunding of the Medicaid program, the hospital tax, and other cuts.

Despite this, hospitals including Day Kimball Hospital have continued to find innovative solutions to integrate and coordinate care to better serve patients and communities, as well as achieve health equity. As our region's major provider of healthcare and largest employer, Day Kimball is committed to building a healthy economy, community, and healthcare system. By investing in the future of Connecticut's healthcare and hospitals, rather than continuing

to cut away at them, we will strengthen our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

Thank you for your consideration.